

July 27, 2022

Q1FY23 Result Update

■ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY23E	FY24E	FY23E	FY24E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	1,273		1,273	
Sales (Rs. m)	67,009	77,438	67,009	77,438
% Chng.	-	-	-	-
EBITDA (Rs. m)	7,103	8,672	7,103	8,672
% Chng.	-	-	-	-
EPS (Rs.)	51.1	63.6	51.1	63.6
% Chng.	-	-	-	-

Key Financials - Consolidated

Y/e Mar	FY21	FY22	FY23E	FY24E
Sales (Rs. m)	41,815	57,265	67,009	77,438
EBITDA (Rs. m)	4,605	5,887	7,103	8,672
Margin (%)	11.0	10.3	10.6	11.2
PAT (Rs. m)	2,733	3,713	4,592	5,719
EPS (Rs.)	30.4	41.3	51.1	63.6
Gr. (%)	6.2	35.9	23.7	24.5
DPS (Rs.)	2.0	2.5	4.5	5.5
Yield (%)	0.2	0.2	0.4	0.5
RoE (%)	16.6	19.0	19.4	20.0
RoCE (%)	21.8	24.0	25.1	26.3
EV/Sales (x)	2.6	1.9	1.6	1.4
EV/EBITDA (x)	23.8	18.4	14.9	12.1
PE (x)	39.9	29.4	23.7	19.1
P/BV (x)	6.1	5.1	4.2	3.5

Key Data

KEII.BO | KEII IN

52-W High / Low	Rs.1,377 / Rs.690
Sensex / Nifty	55,816 / 16,642
Market Cap	Rs.109bn / \$ 1,369m
Shares Outstanding	90m
3M Avg. Daily Value	Rs.311.46m

Shareholding Pattern (%)

Promoter's	38.02
Foreign	26.46
Domestic Institution	19.49
Public & Others	16.03
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	1.1	10.1	70.0
Relative	(3.7)	13.0	60.2

Mayank Bhandari

mayankbhandari@plindia.com |

Ambitious capex target to drive growth

Quick Pointers:

- 17-18% growth targeted in long term
- Rs8bn capex in next 4 years to derive ~Rs40-45bn of sales

We have not made any changes to estimates and maintain Accumulate rating. Given the strong demand outlook despite inflationary environment, management has maintained LT CAGR of 17-18%. Management also highlighted that margin will be maintained in the range of 10.5-11%. We remain structurally positive on KEI for longer term & believe it is well placed to capture demand for wires & cables given 1) increased Infra, Industrial, Railways, Housing & Solar activity 2) wide product portfolio 3) amongst very few players having EHV cable capabilities 4) sustained momentum in dealer network sales (40% of sales, targeted to reach 50% in next couple of years) and 5) tapping into rising export opportunities. We estimate Sales/ PAT CAGR of 16%/ 23% over FY22-24E. We value the stock at 20x FY24 EPS and arrive at target price of Rs1,273 (unchanged).

Revenues grew by 54%, PAT up by 55%: Sales grew 54% YoY to ~Rs15.7 bn(PLe ~Rs16.4bn). Cables segment grew 61% YoY to Rs14.2 bn, Stainless Steel revenue grew 28 % YoY to Rs610mn EPC projects segment up by 11.4% YoY to Rs1.54bnEBITDA grew by 40.1% YoY to Rs1.63bn (PLe Rs1.63bn). EBITDA margin at 10.42% (PLe 9.9%). In cables, EBIT margins declined by 170bps YoY to 9%. EPC EBIT margins declined by 280bps YoY to 6.2%. Adj. PAT stood to Rs1.04bn (+6.6% YoY)(PLe Rs1.11bn).Domestic Institutional Wire & Cable sale grew by 14.1% YoY whereas export insti sales grew 220 % YoY. Dealer/distributor driven sales grew by 68.3% YoY. Dealer count is ~1800 vs 1805 in FY21.Pending order book stood at Rs27.4bn in FY22.Gross Debt stood at Rs1.01bn vs Rs3.31bn(FY22). Cash balance stood at Rs1.72bn vs Rs3.60bn (FY22).

Con call highlights: 1) KEI is targeting 30-35% increase in sales from distribution network to achieve overall targeted growth of 16-17% in FY23. 2) Management highlighted that enquiry pipeline is strong from infra segment 3) Rs8bn worth of capex is targeted over next 4 years (Rs2bn per year) which will derive Rs40-45bn of sales. This includes land cost of Rs500-600mn. 4) Dealer expansion is underway and 10-12% growth is targeted every year. 5) Receivable days in FY23 is expected to be 2.4-2.5 months vs 2.9 months LY. It is expecting Rs1bn of retention money to be released in FY23. Channel financing as % of retail sales is 65%. 6) Management highlighted that unorganized market share is shrinking every year 7) Destocking in channel wont impact much since inventory with dealers range for 10-15 days. 8) EHV market is Rs30bn and import is reducing as 400kv cables are being manufactured in the country now. This market can grow at 20-25% every year. Universal cable and LS cable are two other players. 9) Export will be 10-12% of total revenue (Rs7-8bn of annual exports) 10) Capacity utilization :: 78% in cables, 65% in HW, 80% in SS and 80-90% in EHV.

Exhibit 1: Q1FY23 Result Overview (Rs 15.6bn): Sales grew by 53.8% YoY; PAT grew by 54.6% YoY

Y/e March	Q1FY23	Q1FY22	YoY gr.	Q4FY22	FY22	FY21	YoY gr.
Net Sales	15,654	10,176	53.8%	17,917	57,265	41,815	36.9%
Operating & Manufacturing Expenses	11,971	7,363	62.6%	13,939	43,422	30,590	41.9%
<i>% of Net Sales</i>	<i>76.5%</i>	<i>72.4%</i>	<i>4.1%</i>	<i>77.8%</i>	<i>75.8%</i>	<i>73.2%</i>	<i>2.7%</i>
Gross Profit	3,683	2,812	31.0%	3,978	13,843	11,225	23.3%
<i>% of Net Sales</i>	<i>23.5%</i>	<i>27.6%</i>	<i>-4.1%</i>	<i>22.2%</i>	<i>24.2%</i>	<i>26.8%</i>	<i>-2.7%</i>
Personnel Cost	560	505	10.9%	499	2,006	1,849	8.5%
<i>% of Net Sales</i>	<i>3.6%</i>	<i>5.0%</i>	<i>-1.4%</i>	<i>2.8%</i>	<i>3.5%</i>	<i>4.4%</i>	<i>-0.9%</i>
Other Expenses	1,526	1,170	30.5%	1,759	5,950	4,771	24.7%
<i>% of Net Sales</i>	<i>9.8%</i>	<i>11.5%</i>	<i>-1.7%</i>	<i>9.8%</i>	<i>10.4%</i>	<i>11.4%</i>	<i>-1.0%</i>
Total Expenditure	14,058	9,039	55.5%	16,197	51,378	37,210	38.1%
EBITDA	1,596	1,137	40.4%	1,720	5,887	4,605	27.8%
<i>Margin (%)</i>	<i>10.2%</i>	<i>11.2%</i>	<i>-1.0%</i>	<i>9.6%</i>	<i>10.3%</i>	<i>11.0%</i>	<i>-0.7%</i>
Other income	35	28	27.1%	78	149	201	-25.8%
Depreciation	139	139	0.2%	139	404	573	-29.5%
EBIT	1,493	1,026	45.4%	1,659	5,632	4,232	33.1%
Interest	92	114	-19.2%	100	554	578	-4.1%
PBT before JV/Associates/Minority share	1,400	912	53.5%	1,559	5,077	3,654	38.9%
Total Taxes	363	241	50.5%	399	1,315	921	42.8%
<i>ETR (%)</i>	<i>25.9%</i>	<i>26.4%</i>	<i>-0.5%</i>	<i>25.6%</i>	<i>25.9%</i>	<i>25.2%</i>	<i>0.7%</i>
Share of JV/Associates	0	0		0	0	1	
Non-controlling Interest	0	0		0	1	1	
Adj. PAT	1,038	671	54.6%	1,159	3,761	2,733	37.6%
Exceptional Item	0	0		0	0	0	0.0%
PAT	1,038	671	54.6%	1,159	3,761	2,733	37.6%

Source: Company, PL

Exhibit 2: Segmental Breakup: Cables revenues grew by 60.6% while margins contracted by (150) bps YoY

Y/e March	Q1FY23	Q1FY22	YoY gr.	Q4FY22	FY22	FY21	YoY gr.
Revenues							
Cables	14,206	8,844	60.6%	16,214	51,227	35,743	43.3%
Stainless Steel Wire	610	478	27.6%	612	2,259	1,417	59.5%
EPC	1,536	1,379	11.4%	2,174	8,735	9,767	-10.6%
Less: inter-segment revenue	697	525		1,083	4,956	5,111	
Total	15,654	10,176	53.8%	17,917	57,265	41,815	36.9%
EBIT							
Cables	1,313	947	38.6%	1,313	4,864	4,095	18.8%
<i>EBIT margin (%)</i>	<i>9.2%</i>	<i>10.7%</i>	<i>-1.5%</i>	<i>8.1%</i>	<i>9.5%</i>	<i>11.5%</i>	<i>-2.0%</i>
Stainless Steel Wire	30	30	1.6%	34	136	84	62.6%
<i>EBIT margin (%)</i>	<i>5.0%</i>	<i>6.3%</i>	<i>-1.3%</i>	<i>5.5%</i>	<i>6.0%</i>	<i>5.9%</i>	<i>0.1%</i>
EPC	95	125	-24.1%	249	820	907	-9.7%
<i>EBIT margin (%)</i>	<i>6.2%</i>	<i>9.0%</i>	<i>-2.9%</i>	<i>11.4%</i>	<i>9.4%</i>	<i>9.3%</i>	<i>0.1%</i>
Less: inter-segment result	(52)	29	-281.1%	38	229	542	
Total EBIT	1,489	1,073	38.8%	1,557	5,592	4,545	23.0%
<i>EBIT margin (%)</i>	<i>9.5%</i>	<i>10.5%</i>	<i>-1.0%</i>	<i>8.7%</i>	<i>9.8%</i>	<i>10.9%</i>	<i>-1.1%</i>

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
Net Revenues	41,815	57,265	67,009	77,438
YoY gr. (%)	(14.4)	36.9	17.0	15.6
Cost of Goods Sold	30,590	43,422	49,587	56,762
Gross Profit	11,225	14,030	17,422	20,676
Margin (%)	26.8	24.5	26.0	26.7
Employee Cost	1,849	2,006	2,680	3,098
Other Expenses	3,098	3,824	4,925	5,770
EBITDA	4,605	5,887	7,103	8,672
YoY gr. (%)	(7.4)	27.8	20.7	22.1
Margin (%)	11.0	10.3	10.6	11.2
Depreciation and Amortization	578	554	691	845
EBIT	4,027	5,333	6,412	7,827
Margin (%)	9.6	9.3	9.6	10.1
Net Interest	573	404	396	322
Other Income	201	101	225	267
Profit Before Tax	3,654	5,029	6,241	7,772
Margin (%)	8.7	8.8	9.3	10.0
Total Tax	921	1,315	1,648	2,052
Effective tax rate (%)	25.2	26.1	26.4	26.4
Profit after tax	2,733	3,714	4,593	5,720
Minority interest	1	1	1	1
Share Profit from Associate	1	-	-	-
Adjusted PAT	2,733	3,713	4,592	5,719
YoY gr. (%)	6.6	35.9	23.7	24.5
Margin (%)	6.5	6.5	6.9	7.4
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	2,733	3,713	4,592	5,719
YoY gr. (%)	6.6	35.9	23.7	24.5
Margin (%)	6.5	6.5	6.9	7.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,733	3,713	4,592	5,719
Equity Shares O/s (m)	90	90	90	90
EPS (Rs)	30.4	41.3	51.1	63.6

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
Non-Current Assets				
Gross Block	9,055	9,789	12,545	14,821
Tangibles	8,963	9,686	12,433	14,689
Intangibles	92	102	112	132
Acc: Dep / Amortization	3,684	4,247	4,938	5,783
Tangibles	3,609	4,161	4,839	5,669
Intangibles	74	86	99	115
Net fixed assets	5,371	5,542	7,607	9,038
Tangibles	5,353	5,526	7,594	9,020
Intangibles	18	16	13	18
Capital Work In Progress	71	165	100	100
Goodwill	-	-	-	-
Non-Current Investments	212	147	287	310
Net Deferred tax assets	(295)	(298)	(339)	(389)
Other Non-Current Assets	29	38	36	37
Current Assets				
Investments	-	-	-	-
Inventories	7,682	10,794	11,015	12,730
Trade receivables	13,496	13,955	13,769	15,912
Cash & Bank Balance	2,212	4,111	5,430	6,136
Other Current Assets	783	969	1,340	1,549
Total Assets	30,140	36,011	39,961	46,196
Equity				
Equity Share Capital	180	180	180	180
Other Equity	17,601	21,173	25,729	31,044
Total Networkth	17,781	21,353	25,909	31,224
Non-Current Liabilities				
Long Term borrowings	314	-	107	55
Provisions	329	294	318	348
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	2,536	3,314	2,117	2,194
Trade payables	7,415	8,134	8,966	9,486
Other current liabilities	1,471	2,386	2,211	2,555
Total Equity & Liabilities	30,140	35,778	39,927	46,162

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
PBT	3,655	5,077	6,241	7,772
Add. Depreciation	578	554	691	845
Add. Interest	573	404	396	322
Less Financial Other Income	201	101	225	267
Add. Other	56	53	(305)	(241)
Op. profit before WC changes	4,863	6,089	7,023	8,698
Net Changes-WC	(2,420)	(2,555)	124	(3,266)
Direct tax	(903)	(1,247)	(1,648)	(2,052)
Net cash from Op. activities	1,539	2,286	5,499	3,380
Capital expenditures	(231)	(592)	(2,924)	(2,276)
Interest / Dividend Income	42	18	225	267
Others	943	(10)	(988)	-
Net Cash from Inv. activities	754	(584)	(3,686)	(2,009)
Issue of share cap. / premium	79	56	-	-
Debt changes	(714)	674	(1,095)	61
Dividend paid	(180)	(225)	-	(404)
Interest paid	(573)	(404)	(396)	(322)
Others	102	(408)	-	-
Net cash from Fin. activities	(1,286)	(307)	(1,492)	(665)
Net change in cash	1,007	1,396	321	706
Free Cash Flow	1,308	1,695	2,575	1,104

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY21	FY22	FY23E	FY24E
Per Share(Rs)				
EPS	30.4	41.3	51.1	63.6
CEPS	36.9	47.5	58.8	73.1
BVPS	197.9	237.6	288.3	347.5
FCF	14.6	18.9	28.7	12.3
DPS	2.0	2.5	4.5	5.5
Return Ratio(%)				
RoCE	21.8	24.0	25.1	26.3
ROIC	17.5	21.2	22.5	23.4
RoE	16.6	19.0	19.4	20.0
Balance Sheet				
Net Debt : Equity (x)	0.0	0.0	(0.1)	(0.1)
Net Working Capital (Days)	120	106	86	90
Valuation(x)				
PER	39.9	29.4	23.7	19.1
P/B	6.1	5.1	4.2	3.5
P/CEPS	32.9	25.6	20.6	16.6
EV/EBITDA	23.8	18.4	14.9	12.1
EV/Sales	2.6	1.9	1.6	1.4
Dividend Yield (%)	0.2	0.2	0.4	0.5

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY22	Q3FY22	Q4FY22	Q1FY23
Net Revenue	13,534	15,638	17,917	15,654
YoY gr. (%)	30.5	35.6	43.8	53.8
Raw Material Expenses	10,111	12,009	13,939	11,761
Gross Profit	3,423	3,630	3,978	3,683
Margin (%)	25.3	23.2	22.2	23.5
EBITDA	1,462	1,568	1,720	1,596
YoY gr. (%)	23.8	26.8	21.5	40.4
Margin (%)	10.8	10.0	9.6	10.2
Depreciation / Depletion	140	137	139	139
EBIT	1,322	1,431	1,581	1,457
Margin (%)	9.8	9.1	8.8	9.3
Net Interest	99	90	100	92
Other Income	23	17	78	35
Profit before Tax	1,246	1,358	1,559	1,400
Margin (%)	9.2	8.7	8.7	8.9
Total Tax	329	346	399	363
Effective tax rate (%)	26.4	25.5	25.6	25.9
Profit after Tax	917	1,012	1,160	1,038
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	1
Adjusted PAT	917	1,012	1,159	1,039
YoY gr. (%)	35.0	32.8	29.8	54.8
Margin (%)	6.8	6.5	6.5	6.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	917	1,012	1,159	1,039
YoY gr. (%)	35.0	32.8	29.8	54.8
Margin (%)	6.8	6.5	6.5	6.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	917	1,012	1,159	1,039
Avg. Shares O/s (m)	90	90	-	90
EPS (Rs)	10.2	11.2	-	11.6

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	04-Jul-22	Accumulate	1,273	1,198
2	10-May-22	Accumulate	1,273	1,149
3	27-Apr-22	Accumulate	1,154	1,195
4	11-Apr-22	Accumulate	1,154	1,274
5	28-Jan-22	Accumulate	1,183	1,090
6	07-Jan-22	Accumulate	1,007	1,139
7	28-Oct-21	Accumulate	1,007	921
8	06-Oct-21	UR	-	1,032
9	02-Aug-21	BUY	854	749

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Bajaj Electricals	Accumulate	1,091	1,077
2	Crompton Greaves Consumer Electricals	BUY	505	375
3	Havells India	Hold	1,251	1,257
4	KEI Industries	Accumulate	1,273	1,198
5	Polycab India	Hold	2,264	2,199
6	Voltas	Hold	1,071	966

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Mayank Bhandari- MBA Finance Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

(US Clients)

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

DISCLAIMER

Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Mayank Bhandari- MBA Finance Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

www.plindia.com